

[The following changes will replace pages 31 and 32 of the Consolidated Plan Annual Action Update 2004-05]

AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)

The City will receive a formula grant under a new component of the HOME program called the American Dream Downpayment Initiative (ADDI). The City will receive its FY 2003-2004 allocation of \$185,279 in 2004, which was not allocated last year due to pending legislative approval. The City will receive an allocation of \$218,635 for FY 2004-2005, for a total funding availability of \$403,914. The program is authorized through 2007.

In accordance with HUD's regulations, the City will provide match requirements for its FY 2003 allocation. There is no Match requirement for FY 2004. The following are potential uses for the program that are under consideration:

- Downpayment and/or closing cost assistance to low-income families who are first-time homebuyers, towards the purchase of single-family home or manufactured home (located on land which is owned by the manufactured housing unit owner, owned as a cooperative, or is subject to a leasehold interest with a term equal to at least the term of the mortgage financing on the unit, and manufactured housing lots) Assistance will not exceed the greater of six percent of the purchase price, or \$10,000, in accordance with the program requirements for FY 2004-2005 and subsequent fiscal years.
- Rehabilitation of single-family housing in conjunction with a home purchase assisted with ADDI funds. Funding for this component will not exceed 20% of the City's annual ADDI allocation, in accordance with the program requirements;
- Planning and Administration will be covered under the City's regular HOME allocation since ADDI does not include a program allowance for these costs.

In San José's extremely high-cost housing market, the American Dream Downpayment Initiative alone will not be sufficient in enabling low-income households to buy a home. However, this additional funding source will increase the resources available to low-income homebuyers when used in conjunction with other non-City sources. The City plans to work in collaboration with the Housing Authority of the County of Santa Clara, Neighborhood Housing Services of Silicon Valley (NHSSV), the California Department of Housing and Community Development, the California Housing Finance Agency (CalHFA), and the Housing Trust of Santa Clara County in order to maximize the impact of these monies.

ADDI program regulations require the City to

- Develop a plan for conducting targeted outreach to residents and tenants of public and manufactured housing, and to other families assisted by public housing agencies.
- Describe actions to be taken to ensure the suitability of families receiving ADDI assistance to undertake and maintain homeownership.

Targeted Outreach

On an ongoing basis, the City of San Jose, in partnership with other groups, provides information on homeownership assistance programs that are already available to low and moderate-income households. The City will augment this ongoing effort by conducting a targeted outreach program directed to two groups:

1. Households who receive Section 8 rental assistance from the Housing Authority of the County of Santa Clara (HACSC) and are participating in HACSC's Family Self-Sufficiency Program or plan to participate in the Section 8 homeownership program. The outreach would be an integral part of the ongoing homebuyer education and counseling program being conducted for these groups.
2. Households that are interested in purchasing a mobilehome or manufactured home in San Jose. The City, in cooperation with neighborhood groups and Neighborhood Housing Services Silicon Valley (NHSSV), will provide information on ADDI and other homebuyer assistance programs. Additionally, the City also actively encourage residents to participate in a homebuyer education and counseling program before they begin shopping for a home.

Homebuyer Education and Counseling

The City recognizes the value of a comprehensive homebuyer education program that includes both pre- and post-purchase counseling. NHSSV, with City support, conducts such a program. The City will continue to encourage prospective homebuyers to participate in this program prior to beginning the home purchase process. The City may make its approval of ADDI funded home loans conditional upon the borrower participating in this program.